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EDUCATIONAL BROADCASTING FOUNDATION, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Years Ended July 31, 2001 and 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/12/01

SPILSBURY, HAMILTON, LEGENDRE & PACIERA
CERTIFIED PUBLIC ACCOUNTANTS

EDUCATIONAL BROADCASTING FOUNDATION, INC.

Years Ended July 31, 2001 and 2000

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(1905-1985)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Educational Broadcasting Foundation, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of the Educational Broadcasting Foundation, Inc. as of July 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Educational Broadcasting Foundation, Inc. at July 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 6, 2001 on our consideration of Educational Broadcasting Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Board of Trustees
Educational Broadcasting Foundation, Inc.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Spilsbury, Hamilton, Legendre & Paciera

September 6, 2001

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2001 AND 2000

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,071	$ 0
Short-term investments	82,000	290,904
Accounts receivable	96,537	151,353
Interest receivable	246	2,078
Due from employees	0	292
Prepaid expenses - Other	96,574	89,442
Grants receivable	53,439	16,939
Other receivables	10,426	5,570
Due from related parties	9,385	48,213
Total Current Assets	355,678	604,791
PROPERTY AND EQUIPMENT		
Automotive and mobile units	138,051	138,051
Broadcasting equipment	1,264,918	1,275,200
Furniture and fixtures	244,916	270,873
Production equipment	2,336,054	2,265,232
Leasehold improvements	489,572	477,790
Total Property and Equipment	4,473,511	4,427,146
Less: Accumulated depreciation	2,982,246	2,708,839
Net Property and Equipment	1,491,265	1,718,307
OTHER ASSETS		
Investment in joint venture	177,684	168,227
Total Assets	$2,024,627	$2,491,325

See accompanying notes to financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
(Continued)
JULY 31, 2001 AND 2000

	2001	2000
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 175,745	$ 487,661
Accrued expenses	46,007	55,551
Accrued interest payable	702,716	460,707
Deferred revenue	36,339	30,365
Line of credit	40,551	50,000
Long-term debt/Related parties - Current maturities	300,496	241,575
Total Current Liabilities	1,301,854	1,325,859
LONG-TERM LIABILITIES		
Long-term debt/Related parties - Net of current maturities	2,454,060	2,863,070
Total Liabilities	3,755,914	4,188,929
NET ASSETS		
Unrestricted (Deficit)	(1,731,287)	(1,697,604)
Total Liabilities and Net Assets	$2,024,627	$2,491,325

See accompanying notes to financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JULY 31, 2001 AND 2000

	2001	2000
REVENUE, GAINS AND OTHER SUPPORT		
Contributions:		
Willwoods Community	$ 381,411	$ 388,360
Other	86,547	108,315
Underwriting and membership income	635,054	677,272
Special event income	156,911	170,658
Grants:		
Corporation for Public Broadcasting	541,347	362,416
Federal	0	43,875
State	260,383	248,112
Other	2,644	18,383
Telecasting, production, royalty and miscellaneous revenue	836,198	888,118
Interest income	5,127	21,829
Unrealized gain on investment	0	348
Total Revenue, Gains and Other Support	2,905,622	2,927,686
EXPENSES AND LOSSES		
Program Services:		
Post-production	760,429	696,096
Programming and production	684,323	638,817
Broadcasting	674,584	666,303
Program information	94,974	82,681
Grants and telecommunications programs	151,874	24,544
Supporting Services:		
Fund-raising and membership development	252,472	297,783
Management and general	317,866	392,115
Total Expenses	2,936,522	2,798,086
Loss on disposition of equipment	2,783	36,692
Total Expenses and Losses	2,939,305	2,834,778
INCREASE (DECREASE) IN NET ASSETS	(33,683)	92,908
Net Assets (Deficit) - Beginning of year	(1,697,604)	(1,790,512)
Net Assets (Deficit) - End of Year	$(1,731,287)	$(1,697,604)

See accompanying notes to financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2001 AND 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (33,683)	$ 92,908
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Contributions - Debt forgiveness by Willwoods Community	(242,009)	(248,240)
Depreciation	317,485	293,708
Loss on disposal of assets	2,783	36,692
Equity in losses of joint venture	17,395	28,209
Net decrease in receivables and prepaid expenses	44,660	13,666
Net increase (decrease) in accounts payable, accrued expenses, and refundable advances	(79,451)	260,380
Net increase (decrease) in deferred revenue	5,974	(47,685)
Net (increase) decrease in grants receivable	(36,500)	14,058
Net Cash Provided by (Used for) Operating Activities	(3,346)	443,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(93,226)	(569,951)
Advances to joint venture	(26,852)	(17,198)
Proceeds from sale of investments	208,904	117,399
Net decrease in amount due from related parties	38,828	9,419
Decrease in loans to employees	292	1,456
Net Cash Provided by (Used for) Investing Activities	127,946	(458,875)

See accompanying notes to financial statements.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
(Continued)
YEARS ENDED JULY 31, 2001 AND 2000

	2001	2000
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt - Related parties	$(108,080)	$(124,000)
Proceeds from (payments to) line of credit	(9,449)	50,000
Net Cash (Used for) Financing Activities	(117,529)	(74,000)
Net Increase (Decrease) in Cash and Cash Equivalents	7,071	(89,179)
Cash and Cash Equivalents -		
Beginning of Year	0	89,179
End of Year	$ 7,071	$ 0

Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for -		
Interest	$3,253	$ 0
Income taxes	$ 0	$ 0
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Purchase of leasehold improvements and equipment with accounts payable	$ 0	$313,905

See accompanying notes to financial statements.

A. General Information

Organization

Educational Broadcasting Foundation, Inc. (the "Corporation") was incorporated during 1981 in the State of Louisiana as a non-profit corporation to own and operate a non-commercial public television station (WLAE-TV in New Orleans.)

B. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Assets and liabilities, and support, revenue and expenses are recognized on the accrual basis of accounting.

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows.

Unrestricted Net Assets - Net assets which are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets which are subject to donor-imposed restrictions that may or will be met by actions of the Corporation and/or the passage of time.

Permanently Restricted Net Assets - Net assets which are subject to donor-imposed restrictions that are required to be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes.

The Corporation has no temporarily restricted or permanently restricted assets, liabilities or activities.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Corporation does not consider any of its investments in repurchase agreements or mutual funds to be cash equivalents, regardless of their original maturities. Those short-term investments are stated at cost, which approximates market value. At July 31, 2001 and 2000, short-term investments amounted to $82,000 and $290,904 respectively.

Summary of Significant Accounting Policies (Cont'd)

Investments

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the *Statement of Financial Position*. Unrealized gains and losses are included in the change in net assets.

Revenue Recognition

Contributions, subscriptions and membership income, and grants for which donor receives no material benefit in exchange are recorded as revenue in the statement of activity when received. Other unrestricted revenues are recognized as earned either upon receipt or accrual. State grant support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Corporation have been summarized on a functional basis in the Statement of Financial Activity. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful life of the assets, which range from five to ten years. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

The Corporation has adopted a policy of capitalizing property and equipment with a cost of greater than $500.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summary of Significant Accounting Policies (Cont'd)

Deferred Revenue

Deferred revenue represents funds received by the station for future production or airing of programs. This revenue is recognized when the cost associated with the production or airing is incurred.

Refundable Advances

The Corporation records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. The activity in the refundable advance account is reported as follows:

Refundable advances, beginning of year	$ 0
Grant awards received	132,490
Grant expenditures	(132,490)
Refundable advances, end of year	$ 0

Licensed Program Rights

Program series and other syndicated products are recorded at the lower of unamortized cost, based on the gross amount of the related liability, or estimated net realizable value. These programs and products are amortized on a straight-line basis over the period of the license agreement. The unamortized cost of $96,574 and $89,442 at July 31, 2001 and 2000 respectively is included in *Prepaid Expenses - Other* in the financial statements.

Program Underwriting

Revenue for program underwriting is recorded on a pro-rata basis for the periods covered.

Commissions

The public broadcaster has agreements with independent consultants to solicit and acquire funds for program underwriting and other activities related to public broadcasting. The agreements provide for payment of commissions to the consultants based on varying percentages of funds received.

Summary of Significant Accounting Policies (Cont'd)

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two Federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcaster uses these funds for purposes relating primarily to production and acquisition of programming. Also, the Grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

The Grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the Grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of Grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Income Tax

The Corporation is exempt from Federal income taxes on income other than unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. Due to unrelated business income net operating loss carry-forwards, the Corporation did not have to make any provision for income taxes for the years ended July 31, 2001 and 2000.

The following summarizes the net operating loss and expiration dates of those losses for Federal tax purposes:

Summary of Significant Accounting Policies (Cont'd)

Income Tax (Cont'd)

Year of Expiration	Federal
July 31,	
2007	$ 10,189
2008	$237,379
2009	$214,369
2010	$ 14,071
2013	$ 11,109
2014	$103,573

Reclassifications

Certain accounts in the prior year financial information have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

C. Short-term Investments

Investments at July 31, 2001 consisted of an investment in the Bank One Corporate Cash Sweep Account Treasury Securities Money Market Fund, which invests exclusively in obligations issued by the U.S. Treasury, totaling $82,000. The fund earns interest at a variable rate on a daily basis.

Investments at July 31, 2000 consisted of an investment in the One Group U.S. Securities Money Market Fund, which invests exclusively in obligations issued by the U. S. Treasury, totaling $287,036.

In addition, the Corporation had stock investments in the following corporations:

	2001	2000
Bank One Corporation	$ 0	$ 285
Whitney Holding Corporation	0	287
Citicorp Corporation	0	3,296
	$ 0	$3,868

These investments were sold in fiscal year ended July 31, 2001.

D. Property and Equipment

Property and equipment at July 31, 2001 consists of:

Property and Equipment (Cont'd)

	Cost	Accumulated Depreciation
Automotive and mobile units	$ 138,051	$ 43,638
Broadcasting equipment	1,264,918	1,129,122
Furniture and fixtures	244,916	150,284
Production equipment	2,336,054	1,578,763
Leasehold improvements	489,572	80,439
Total	$4,473,511	$2,982,246

Property and equipment at July 31, 2000 consists of:

	Cost	Accumulated Depreciation
Automotive and mobile units	$ 138,051	$ 31,189
Broadcasting equipment	1,275,200	1,101,273
Furniture and fixtures	270,873	136,992
Production equipment	2,265,232	1,408,561
Leasehold improvements	477,790	30,824
Total	$4,427,146	$2,708,839

Depreciation expense of $317,485 and $293,708 is included in program and supporting services for the years ended July 31, 2001 and 2000 respectively. The breakdown of this depreciation by expense category is as follows.

	2001	2000
Program Services:		
Programming, production and post-production	$237,281	$209,983
Broadcasting	39,698	38,927
	276,979	248,910
Supporting Services:		
Management and general	40,506	44,798
Total Depreciation Expense	$317,485	$293,708

Property and equipment include certain major items acquired with grants from various governmental agencies. Certain of these agencies maintain a reversionary interest in the items acquired for a period of years subsequent to the grant award.

E. Investment in Joint Venture

The Corporation has a twenty-five percent interest in a joint venture formed to construct and operate a transmission tower. This investment is accounted for using the equity method, in which the Corporation's share of excess (deficient) revenue over expenses from the joint venture is directly reflected in the financial statements, and the investment is adjusted for its share of excess (deficient) revenue over expenses and any additional investment in the joint venture. The following information summarizes the activity of the joint venture through December 31, 2000 and 1999.

	2000	1999
Current assets and total assets	$1,318,789	$1,269,190
Less: Current liabilities and total liabilities	0	0
Net assets	$1,318,789	$1,269,190
Revenue	$ 81,937	$ 22,811
Expenses	109,038	93,067
Net excess (expenses) over revenue	$(27,101)	$(70,256)
Corporate interest:		
Share of net expenses over revenue	$ (6,776)	$(17,564)
Depreciation of Educational Broadcasting Foundation's portion of the joint venture's depreciable assets	(10,619)	(10,645)
Total net excess (expenses) over revenue *	$(17,395)	$(28,209)

* (Since this amount represents the Corporation's cost of operating its broadcasting tower, it is shown as a functional expense under *Broadcasting*.)

	2000	1999
Equity in net assets (including depreciation)	$155,790	$151,029
Advance to joint venture	21,894	17,198
Net advances and equity in joint venture	$177,684	$168,227

F. Line of Credit

The Corporation maintains a line of credit with a bank for $100,000, bearing interest at Bank One prime plus .75%, to meet its working capital needs. As of July 31, 2001, the Corporation had an outstanding balance of $40,551, bearing interest at 7.75%. This line of credit will expire on March 10, 2002.

G. Long-term Debt

Long-term debt/Related parties consists of the following note.

	2001	2000
Promissory Note A	$2,754,556	$3,104,645

This unsecured note, which originally was payable to the Archdiocese of New Orleans, was transferred to Willwoods Community in conjunction with the transfer agreement. The note bore no interest until its maturity on July 31, 1998. Upon maturity, the note became payable in ten yearly installments of $409,010 plus interest accrued on the unpaid balance at 7% per annum, with the final installment due July 31, 2008. For the years ended July 31, 2001 and 2000, Willwoods Community forgave $242,009 and $248,240 respectively.

Interest expense of $242,009 and $217,325 for the years ended July 31, 2001 and 2000 respectively was charged to management and general expenses.

The aggregate amount of maturities for long-term indebtedness for each of the five years subsequent to July 31, 2001 is as follows.

Fiscal year ending July 31,	
2002	$ 300,496
2003	409,010
2004	409,010
2005	409,010
2006	409,010
Thereafter	818,020
	$2,754,556

H. Related Party Transactions

As part of a letter agreement dated May 3, 1994, Willwoods Community entered into a cooperative endeavor on June 15, 1995 with the Louisiana Educational Television Authority (LETA). For a financial consideration, Willwoods transferred to LETA one-half of the voting membership, one-half of the representation on the Board of Educational Broadcasting Foundation, and one-half of the fixed assets of Educational Broadcasting Foundation, Inc.

During the normal course of business, there are invoices for services between funds to Willwoods Community and the Corporation. As of July 31, 2001 and 2000, the amount owed by Willwoods Community was $9,113 and $10,290 respectively, and by Will Woods Management Company was $272 for the year ended July 31, 2001.

During the normal course of business, the Corporation also advances funds to Educare, which is a joint venture between Willwoods Community and another non-profit organization. As of July 31, 2001 and 2000, the amount owed to the Corporation by the joint venture was $-0- and $37,923 respectively. The joint venture was terminated as of July 31, 2001.

As stated in Note G, Willwoods Community forgave debt from the Corporation in the amount of $242,009 and $248,240 for the years ended July 31, 2001 and 2000 respectively. Willwoods Community also contributed services to the Corporation of $70,000 and $140,120 for the years ended July 31, 2001 and 2000 respectively.

I. Contributed Services

Contributed professional services were recorded as revenue and expenses in the *Statement of Financial Activities* at the fair value of the support.

No amounts have been reflected in the financial statements for volunteer services. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation with campaign solicitations and various committee assignments.

In-kind contributions, principally donated professional services and donated facilities, amounted to $56,390 and $65,940 respectively for the years ended July 31, 2001 and 2000.

J. Employee Benefits

The Corporation offers a 401(k) pension plan to its employees [Willwoods Community Employee Profit-Sharing and 401(k) Plan]. Employees electing to participate in this Plan do not have to contribute any portion of their salary, but may elect to contribute up to a 10% maximum. The Corporation may make a matching discretionary contribution which could match up to 50% of the first 3% of the employee's contribution; and may also make a discretionary profit-sharing contribution.

The Plan administrator is Willwoods Community, and the Plan Trustee is James R. Kelly.

Employer contributions to the plans during the years ended July 31, 2001 and 2000 were $22,869 and $21,056 respectively.

K. Leases

The Corporation had obligated itself under an operating lease for office and studio space which expired June 2000. The lease provided for rent of $8,500 per month for a term of three years and could be canceled by either party with 60 days notice. The lease payment included a utilities charge of $2,500 per month. As of July 1998, the Corporation negotiated new terms with the lessor which would allow the Corporation to maintain its studio facilities rent-free until June 2000. At that time, the studio moved to new facilities.

The Corporation entered into an agreement with another lessor as of July 1, 1998 to rent office space through June 30, 2000. This lease provides for rent of $1,615 per month for 24 months, with an option to renew for an additional 12 months. Effective January 1, 1999 and through the remaining term of the original lease, the Corporation rented additional office space for rent of $3,442 per month.

On July 1, 2000, the Corporation entered into a new lease agreement which superceded the above lease for monthly rent of $10,200. This lease term is for a period of five years which, on July 1st of each year, will be increased by the CPI up to a maximum of 3%. The lease term may be extended by mutual agreement for two additional five-year terms.

On February 16, 1998, the Corporation entered into an agreement with another lessor as of May 1, 1998 to rent premises to operate telecommunications equipment through April 30, 2001. This lease provides for rent of $700 per month for three years, with an option to renew for an additional three years. This lease was terminated during fiscal year ended July 31, 2001.

Leases (Cont'd)

Total rental expense was $128,700 for 2001 and $58,085 for 2000.

The future minimum rental payments due under these leases for the next four years are as follows:

July 31,	
2002	$126,072
2003	$129,854
2004	$133,748
2005	$137,426

L. Concentration of Credit Risk

The Corporation extends unsecured credit to its customers, a significant portion of whom are in the broadcasting business. Financial instruments that potentially subject the Corporation to credit risk include these accounts, which are shown in the financial statements as accounts receivable.

M. Fund-Raising Expense

Total fund-raising expense for the years ended July 31, 2001 and 2000 was $1,872 and $18,955 respectively.

EDUCATIONAL BROADCASTING FOUNDATION, INC.
SCHEDULE OF EXPENSES
YEAR ENDED JULY 31, 2001
(With Comparative Totals for Year Ended July 31, 2000)

	Program		
	Post Production	Programming and Production	Broad-casting
Advertising	$ 2,398	$ 525	$ 0
Automotive and travel	2,520	2,959	5,527
Bad debt expense	0	0	0
Depreciation	224,831	12,450	39,698
Donated services	0	0	14,750
Dues and subscriptions	652	258	327
Fringe benefits	15,626	10,993	30,166
Insurance	13,208	13,208	17,610
Interest	0	85,842	85,842
Maintenance	1,917	2,753	50,810
Meetings, conferences, including travel	3,162	4,490	7,216
Miscellaneous	27,975	4,172	14,282
Office supplies	411	459	638
Payroll taxes	14,862	10,574	21,363
Postage and shipping	2,978	927	2,352
Printing	2,290	380	79
Professional services	98,957	103,759	17,474
Program purchases and license fees	0	165,312	0
Rent	62,085	23,548	23,264
Salaries	263,050	235,420	201,506
Supplies	0	0	13,760
Tape expense	22,928	3,193	0
Telephone	579	3,101	2,090
Tower	0	0	17,395
Utilities	0	0	108,435
Total Expenses	$760,429	$684,323	$674,584

Services		Supporting Services			
Program Information	Grants and Tele-communications Programs	Fund Raising and Membership Development	Management and General	Total 2001	Total 2000
$ 0	$ 0	$ 3,857	$ 1,008	$ 7,788	$ 17,882
0	0	142	291	11,439	11,379
0	0	0	0	0	2,344
0	0	0	40,506	317,485	293,708
41,640	0	0	0	56,390	65,940
125	0	215	180	1,757	3,594
3,159	629	3,926	10,326	74,825	79,920
0	0	0	4,892	48,918	49,649
0	0	24,526	49,052	245,262	217,325
0	0	2,426	13,382	71,288	85,938
1,808	0	102	2,592	19,370	23,400
53	0	7,162	9,282	62,926	64,702
0	0	53	7,173	8,734	10,258
3,586	0	4,072	4,472	58,929	63,194
336	0	10,620	1,541	18,754	18,654
39	0	29,996	355	33,139	38,525
0	132,490	12,473	83,172	448,325	282,034
0	0	0	0	165,312	171,280
3,626	9,307	14,193	18,346	154,369	118,075
40,507	9,448	138,709	65,189	953,829	982,118
95	0	0	0	13,855	16,372
0	0	0	0	26,121	36,107
0	0	0	6,056	11,826	49,627
0	0	0	0	17,395	29,209
0	0	0	51	108,486	66,852
$94,974	$151,874	$252,472	$317,866	$2,936,522	$2,798,086

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(1905-1985)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Educational Broadcasting Foundation, Inc.
New Orleans, Louisiana

We have audited the financial statements of Educational Broadcasting Foundation, Inc. as of and for the year ended July 31, 2001, and have issued our report thereon dated September 6, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Educational Broadcasting Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Educational Broadcasting Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Audit Committee, management, and the U.S. Department of Commerce and is not intended to be and should not be used by anyone other than these specified parties.

Spilsbury, Hamilton, Legendre & Paciera

September 6, 2001